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FM AMCONSUL KARACHI
TO RUEHC/SECSTATE WASHDC 1401
INFO RUEHIL/AMEMBASSY ISLAMABAD 0860
RUEHLH/AMCONSUL LAHORE 2763
RUEHPW/AMCONSUL PESHAWAR 4645
RUEHLO/AMEMBASSY LONDON 0357
RUEHNE/AMEMBASSY NEW DELHI 1906
RUEHBUL/AMEMBASSY KABUL 0310
RUEAIIA/CIA WASHDC
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL
RUEKJCS/SECDEF WASHINGTON DC
RHEHAAA/NSC WASHINGTON DC
RHMFSS/Joint STAFF WASHINGTON DC
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UNCLAS SECTION 01 OF 02 KARACHI 000349

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SUBJECT: BALOCHISTAN - MEETING WITH QUETTA-BASED TRUCKING FIRM

REF: KARACHI 127

¶11. (SBU) Summary: In an October 16 meeting in Quetta, trucking firm GSM said a majority of their shipments go to Iran, with Pakistani rice the most common of a limited range of goods. Conversely, Iran ships a wide range of goods to Pakistan, including paraffin, kerosene, and industrial chemicals. According to GSM Managing Director Attaullah Mengal, NATO supplies typically run smoothly through the Chaman border crossing with Afghanistan, only occasionally being held up by the Frontier Corps. End summary.

¶12. (SBU) CG Fakan, Pol, and Econ Offs met October 16 to discuss Balochistan's trucking industry with GSM and Co. Managing Director Attaullah Mengal. GSM is one of eight Balochistan firms registered with the Pakistan International Freight Forwarders Association (PIFFA). The eight firms together operate 140 trucks, providing international freight forwarding. Of the 140 trucks, none are capable of carrying refrigerated or liquid cargo. Mengal stated that trucks are rented from Iran when need to transport special cargo.

¶13. (U) Of the 140 trucks, all are Volvo or Toyota. Mengal described it as a "shame" that there are no American trucks. He said he and the other truck owners want new technology and to do business with America. The major impediment is access to spare parts and repairs, and lack of opportunity to purchase new trucks and equipment.

Trade with Iran

¶13. (SBU) Mengal said the majority of his shipments are bound for Iran, where the goods are then distributed domestically or transferred on to Central Asia. The border crossing with Iran runs smoothly with goods passing back and forth freely with only nominal border fees and a common transit document shown to border officials.

Mengal said only a limited range of items are shipped into Iran, predominantly rice, and to a lesser extent bananas and mangoes, while a comparatively wide range (approximately 80 items) are shipped from Iran into Pakistan, including paraffin, kerosene, C6 (a chemical used in textile and fuel production), chemicals used for road construction, and vegetables and dried fruits.

Chaman Gate

¶14. (SBU) GSM also ships items into Afghanistan through the Chaman border crossing, including NATO supplies. Mengal explained how the

Frontier Corps (FC), which controls the border crossing, allows NATO supplies through without bribes and with only occasional delays, while other "illegal goods" are regularly delayed and often require a bribe paid to the FC. (Comment: When questioned about the nature of illegal goods, Mengal was unwilling to provide further details. End comment). Mengal said that while the shipping route to Iran is safe, there are occasional attacks and incidents of banditry on the Afghanistan route, including on trucks carrying NATO supplies. (Note: The FC regularly imposes delays along the route due to security issues or for other reasons. End note)

Connectivity with Karachi

¶15. (U) According to Mengal it takes approximately 18-20 hours to transport goods from Karachi to Chaman, if two drivers are used. The road is in poor condition throughout, with the worst section between Kalat and Chaman. Because of the poor condition of the road network, items shipped to the west coast port at Gwadar (Reftel) had to be transported back east to Karachi before continuing on to other parts of Pakistan or Afghanistan. "It makes no sense...people should just ship their items directly to Karachi and save the shipping costs." He also complained that the Makran Coastal Highway (National Highway N10), which links Gwadar with Karachi, was poorly built and dangerous. "I'm not an engineer but the road is lifted high off the ground for no apparent reason, resulting in many accidents." He said the Japanese were working to improve the road from Wadh to Lasbela.

¶16. (U) Mengal said the economic downturn and increasing diesel prices have somewhat hurt his business. He explained that the eight

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PIFFA trucking firms in Balochistan set a standard shipping price, but when diesel prices increase it takes months for their prices to catch up - they often sign six month contracts with their customers.

When asked by the CG why the firms did not include a clause in the contracts to account for fluctuations in the cost of fuel Mengal appeared confused and said simply that the contracts had no such clause.

FAKAN